

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN JOHN SINRUD**, on February 8, 2005 at 8:00 A.M., in Room 317-B Capitol.

ROLL CALL

Members Present:

Rep. John Sinrud, Chairman (R)
Sen. Lane L. Larson, Vice Chairman (D)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. Mike Cooney (D)
Sen. Rick Laible (R)
Rep. Jon C. Sesso (D)
Sen. Corey Stapleton (R)
Rep. Janna Taylor (R)

Members Excused: None.

Members Absent: None.

Staff Present: Greg DeWitt, Legislative Branch
Harry Freebourn, Legislative Branch
Jamie Mickelson, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted:

Executive Action: Judiciary & Department of Revenue

EXECUTIVE ACTION ON JUDICIARY

Statewide Preset Law Adjustments and Base

CHAIRMAN SINRUD asked Harry Freebourn, LFD, to explain his handout to the Committee.

Harry Freebourn, LFD, gave a brief presentation on the handout, "Judiciary Decision Packages." He explained the fiscal notes and total FTE amount. He stated that the handout is color-coded:

- White is Governor Martz's Budget
- Orange is Governor Schweitzer's Budget
- Yellow is a request from the Judiciary

EXHIBIT(jgh31a01)

Mr. Freebourn clarified that the decision packages are grouped together for executive action. He informed the Committee that the Supreme Court and Information Technology (IT) decision packages are grouped together. He stated that the first four items are IT.

CHAIRMAN SINRUD asked the Committee to turn to page A-16 in the LFD Budget Analysis to begin executive action.

Mr. Freebourn explained that there was a decision package written for SEN. LAIBLE. He commented that the Committee may want to consider this decision package later in the meeting.

CHAIRMAN SINRUD announced that the Committee has Statewide Present Law Adjustments and the Base to approve. He asked if anyone wanted to make a motion.

Motion/Vote: REP. BUZZAS moved that STATEWIDE PRESENT LAW ADJUSTMENTS and BASE BE ADOPTED. Motion carried unanimously by roll call vote.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 6}

New Proposal

DP 4 ELIMINATE COURT AUTOMATION PROGRAM Page A-33

Discussion:

SEN. COONEY asked if the Judiciary is taking \$1,935,000 out of general fund and putting it into IT. **CHAIRMAN SINRUD** stated the money will come out of the general fund and go into IT.

REP. BUZZAS explained that DP 111 will be approved contingent upon passage of HB 536.

SEN COONEY stated that the Committee is not to take any action on a decision package pending legislation.

Mr. Freebourn stated that the original intent of an appropriation is to not use joint contingency language.

CHAIRMAN SINRUD stated that the Judiciary is looking for \$4.6 million and they currently have \$3.9 million with DP 111. He informed the Committee that if REP. NOENNING'S bill passes, there will be no need to pass DP 4.

Mr. Freebourn stated that DP 4 is a program funded with a surcharge. The Judiciary has expressed that they no longer want to fund the IT program with the surcharge, so they are asking for the Committee to remove this from their base, and replace it with general funds.

Brent Doig, OBPP, stated that the Governor hopes to keep the surcharge and would like to have the \$1.9 million come out of general fund in DP 111.

REP. BUZZAS stated that she is not sure that by not passing DP4 and DP 111 they are doing the Judiciary any favors. She expressed that the Committee should pass DP 4 and DP 111 and then not take the money out of general fund if HB 536 passes.

Motion/Vote: **REP. BUZZAS** moved that DP 4 BE ADOPTED. Motion failed 2-6 by roll call vote. **REP. BUZZAS** and **REP. SESSO** both voting aye.

{Tape: 1; Side: A; Approx. Time Counter: 6 - 21.5}

New Proposal

DP 111 IT PROGRAM ADDED FROM THE GOVERNOR'S BUDGET

CHAIRMAN SINRUD explained that DP 111 is for \$1,935,000 per year into the IT program.

REP. BUZZAS stated that the money would be switched from special revenue into general funds.

Motion/Vote: **REP. BUZZAS** moved that DP 111 BE ADOPTED. Motion failed 4-4 by roll call vote. **REP. BUZZAS, SEN. COONEY, SEN. LARSON,** and **REP. SESSO** all voting aye.
{Tape: 1; Side: A; Approx. Time Counter: 21.5 - 23}

New Proposal

DP 301 IT PROGRAM ADDITIONAL REQUIREMENTS

CHAIRMAN SINRUD clarified that DP 301 is for the additional funds for the IT program. He informed the Committee that for the 2006 biennium the request is \$299,259 and for FY 2007 the total request is for \$637,999.

Motion/Vote: **REP. SESSO** moved that DP 301 BE ADOPTED. Motion carried unanimously by roll call vote.
{Tape: 1; Side: A; Approx. Time Counter: 23 - 25.5}

New Proposal

DP 5 PURCHASE SOFTWARE LICENSES OTO Page A-34

CHAIRMAN SINRUD stated that DP 5 is for \$1,345,000 in FY 2006 and \$1,345,000 in FY 2007.

CHAIRMAN SINRUD asked if this is a Windows-based package. **Jim Oppedahl, Court Administrator,** explained that it is a standard Oracle database program.

Motion/Vote: **REP. SESSO** moved that DP 5 SOFTWARE LICENCE OTO, RESTRICTED, AND BIENNIAL BE ADOPTED. Motion carried unanimously.
{Tape: 1; Side: A; Approx. Time Counter: 25.5 - 29}

New Proposal

DP 302 PRO SE LAW CLERK Page A-21

CHAIRMAN SINRUD informed the Committee that DP 302 is for \$52,646 in FY 2006 and for \$49,326 in 2007.

Discussion:

SEN. COONEY asked if the current case load was too much for the staff. **Mr. Doig** informed him that the staff is behind.

REP. BUZZAS asked what kinds of cases the court is behind on. **Mr. Oppedahl** explained that they are primarily inmate cases.

Karla Grey, Chief Justice of the Supreme Court, stated that the pro se cases are growing rapidly. She informed the Committee that the problems with pro se cases are the inmates are horribly represented and they take a lot of time. She insisted that a pro se law clerk would free up a lot of the justices time.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 8}

REP. BUZZAS stated that if the court has a load of work that a Pro Se Law Clerk can do cheaper than the Chief Justice, why wouldn't the Judiciary want to do it at a cheaper cost.

SEN. STAPLETON commented that the Supreme Court is the highest court. The pro se law clerk would be a significant force in decreasing the case load within the Supreme Court.

{Tape: 1; Side: B; Approx. Time Counter: 10 - 13}

Motion/Vote: **SEN. LARSON** moved that DP 302 BE ADOPTED. Motion failed 3-5 by roll call vote. **REP. BUZZAS, SEN. LARSON, and REP. SESSO** all voting aye.

Present Law Adjustments

DP 5 COURT ASSESSMENT CASA Page A-33

CHAIRMAN SINRUD explained that DP 5 gives the Judiciary the authority to expend \$132,633 in federal funds that support Court Assessment Program (CAP) and the Court Appointed Special Advocate Program (CASA).

Motion/Vote: SEN. COONEY moved that DP 5 COURT ASSESSMENT BE ADOPTED. Motion carried 5-3 by roll call vote. REP. SINRUD, SEN. STAPLETON, and REP. TAYLOR all voting no.
{Tape: 1; Side: B; Approx. Time Counter: 13 - 14}

New Proposal

DP 2 APPELLATE MEDIATOR Page A-34

CHAIRMAN SINRUD explained that this is a request for \$218,159 in general fund for the biennium to hire 1.50 FTE to provide mediation services.

Discussion:

Mr. Freebourn explained that the Judiciary believes this DP will create revenue. He informed the Committee that they may want the Court Assessment (CASA) program to report to a committee.

SEN. LAIBLE stated that there should be a time-line set in place for a report to be given. He commented that he hopes it exceeds the Committee's expectations, so the Judiciary does not have to ask for one-time-only (OTO) money next session.

CHAIRMAN SINRUD asked REP. SESSO how this DP works out with the Consensus Program. **REP. SESSO** replied that the goal is to avoid having a lawsuit in the first place. He stated that there is a difference between dispute mediation, arbitration, and mediation. He attested that mediation takes on a very important role in this instance.

SEN. LAIBLE claimed that by the time a case reaches the court it will take less time and be less work for the Supreme Court, if this DP is adopted.

Motion/Vote: REP. SESSO moved that DP 2 AS A OTO PILOT PROGRAM WITH LANGUAGE BE ADOPTED. Motion carried 6-2 by roll call vote. REP. SINRUD and SEN. STAPLETON voting no.
{Tape: 1; Side: B; Approx. Time Counter: 14 - 24}

New Proposal

DP 4 WORKLOAD ASSESSMENT STUDY Page A-34

CHAIRMAN SINRUD explained that \$75,000 in general funds will be provided to the Judiciary in FY 2006 to perform a workload assessment study of district court judges and staff. He clarified that the request is OTO, restricted, and biennial.

Discussion:

SEN. LARSON suggested that this DP should be restricted, OTO, and biennial.

SEN. STAPLETON wanted to know what it would take to make the workload no more than six months behind. He made a substitute motion to include the Supreme Court to provide legislation to get the Supreme Court case load to only be six months behind.

Chief Justice Grey clarified that State Assumption did not create a unified court system that exists in many states. She informed the Committee that State Assumption made the Supreme Court responsible for several expenses from the District Court. She explained that DP 4 came from the District Court Council. She commented that the major focus is an overwhelming case load. She finished by stating that she thinks **SEN. STAPLETON'S** substitute motion is counter productive.

SEN. STAPLETON asked if it is acceptable to be six months behind in court case loads. **Chief Justice Grey** stated that it is not acceptable.

SEN. STAPLETON withdrew his substitute motion without objections.

SEN. LARSON stated that there needs to be a study on the court case load. He asked how long it has been since a study has been done. Chief Justice Grey was unable to answer **SEN. LARSON'S** question.

REP. TAYLOR insisted that a case load study is a great idea and the legislature should approve the funding for it.

Motion/Vote: **SEN. LARSON** moved that DP 4 OTO, RESTRICTED, AND BIENNIAL BE ADOPTED. Motion failed 4-4 by roll call vote. **REP. BUZZAS, SEN. COONEY, SEN. LARSON, and REP. SESSO** voting aye.
{Tape: 2; Side: A; Approx. Time Counter: 0 - 14}

New Proposal

DP 2 JUDICIAL STANDARDS INVESTIGATION Page A-37

CHAIRMAN SINRUD explained that \$25,000 in general funds is requested, this is both a restricted and a biennial appropriation for the constitutionally mandated Judicial Standards Commission.

Motion/Vote: **REP. SESSO** moved that **DP 2 JUDICIAL STANDARDS INVESTIGATION AS RESTRICTED AND BIENNIAL BE ADOPTED**. Motion carried unanimously by roll call vote.

FUNDING FOR THE BOARDS AND COMMISSIONS PROGRAM

EXHIBIT 2

Mr. Freebourn gave a brief overview of the handout , "DP 02 Boards and Commissions." He clarified that **SEN. LAIBLE** requested a decision package. The DP is to have this program funded fully by increasing the Montana State Attorney License Tax of \$25 per year.

EXHIBIT(jgh31a02)

Discussion:

REP. BUZZAS asked if this decision package would have an impact on the general fund. **Mr. Freebourn** clarified that this is a separate DP that **SEN. LAIBLE** put together. He explained that the DP takes the money that is going into the general fund and increases it to cover the costs of this program.

REP. BUZZAS asked how much the attorney fees will increase. **Mr. Freebourn** stated that the attorney fees will increase from \$25 per year to \$69 per year.

SEN. COONEY asked if they follow **SEN. LAIBLE'S** decision package , where the money will go. **CHAIRMAN SINRUD** stated that it would go to the Supreme Court.

Mr. Freebourn clarified that the Montana State Bar Association is the collector of the \$25 fee and the Bar would put it into general fund.

Ed Smith, Clerk of the Supreme Court, stated that the Supreme Court works with the Bar.

REP. TAYLOR asked SEN. LAIBLE what he is doing with the money from the attorney fee increase. **SEN. LAIBLE** stated that it goes to fund Boards and Commissions.

CHAIRMAN SINRUD informed the Committee that Boards and Commissions is in the Budget Analysis, and it is funded with general funds. He stated that he wanted to move forward with DP 2.

{Tape: 2; Side: A; Approx. Time Counter: 14 - 30}

Discussion:

REP. SESSO asked for clarification on SEN. LAIBLE'S decision package.

CHAIRMAN SINRUD informed him that the decision package states that, currently the Bar collects \$25 for an attorney fee and it brings in 1/3 of the cost for Boards and Commissions.

SEN. LAIBLE stated that to fully fund the program the lawyer fee would need to be raised to \$69 per year.

CHAIRMAN SINRUD asked SEN. LAIBLE if the Attorney Fee Increase is approved, if the dollars go into general fund, or is there language that states that the money is restricted for state special revenue.

REP. BUZZAS commented that she gets nervous about creating state special revenue packages. She informed the Committee that there are more special revenue packages than there should be.

SEN. LAIBLE stated that he thinks the best way to fund Boards and Commissions is to increase the lawyer's fee and have the money go into the general fund, and appropriate it back for restricted use.

Mr. Diog asked if SEN. LAIBLE has the ability to change the fee. He indicated that SEN. LAIBLE may need a bill to make that change.

SEN. COONEY asked what the total fees for a lawyer will be per year. **Mr. Freebourn** informed him that the total fees for a lawyer per year without the increase of \$44 is \$285.

CHAIRMAN SINRUD informed the Committee that SEN. LAIBLE'S decision package would need a bill.

REP. BUZZAS wanted to know if all professionals pay their own dues and fees. **CHAIRMAN SINRUD** clarified that many professionals pay their own dues.

SEN. COONEY informed the Committee that there needs to be a 2/3 vote to adopt a committee bill for SEN. LAIBLE'S decision package.

Mr. Freebourn agreed to put a bill together for SEN. LAIBLE to increase the fee by \$44. He explained that this is not a Committee Bill.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 25}

Present Law Adjustment

DP 6 COURT RECORDING EQUIPMENT Page A-43

CHAIRMAN SINRUD explained that the request is for \$34,495 for court recording equipment.

Motion/Vote: **SEN. COONEY** moved that DP 6 COURT RECORDING EQUIPMENT OTO, RESTRICTED, AND BIENNIAL BE ADOPTED. Motion carried unanimously by roll call vote.

Present Law Adjustment

DP 4302 ANNUALIZE MOTOR POOL LEASE COSTS JPOs
Page A-44

CHAIRMAN SINRUD explained that the request is for \$8,414 from the general fund for each fiscal year of the 2007 biennium.

Motion/Vote: **REP. BUZZAS** moved that DP 4302 FOR \$8,414 FOR EACH YEAR OF THE 2007 BIENNIUM BE ADOPTED. Motion carried unanimously by roll call vote.

{Tape: 2; Side: B; Approx. Time Counter: 25 - 30}

Present Law Adjustment

**DP 4303 ANNUALIZE MOTOR POOL LEASE COSTS FOR DISTRICT COURT
JUDGES Page A-44**

CHAIRMAN SINRUD informed the Committee that DP 4303 is a request for \$10,543 in general fund in each fiscal year of the 2007 biennium on top of the FY 2004 base of \$8,939 to annualize the cost of motor pool leases for judges.

Motion/Vote: SEN. COONEY moved DP 4303 ANNUAL MOTOR POOL LEASE FOR DISTRICT COURT JUDGES BE ADOPTED. Motion carried 7-1 by roll call vote with SEN. STAPLETON voting no.

Present Law Adjustment

**DP 4510 AUTHORITY FOR COUNTY PAID ANNUAL AND SICK LEAVE
Page A-44**

CHAIRMAN SINRUD clarified that the request is for \$642,548 in a biennial appropriation of state special revenue for annual leave and sick leave payouts for former county employees that leave the judicial branch.

Motion/Vote: REP. BUZZAS moved that DP 4510 AUTHORITY FOR COUNTY PAID ANNUAL & SICK LEAVE BE ADOPTED. Motion carried 7-1 by roll call vote with SEN. STAPLETON voting no.

Present Law Adjustment

**DP 4511 RESTORE VARIABLE COST FUNDING THAT WAS OTO
Page A-44**

Mr. Freebourn clarified that the funds are variable funds that are mostly used by the district courts to pay for public defender costs. He commented that SB 146 may move the cost related to public defenders to a chief public defender. He informed the Committee that this defender would be located with the Department of Administration.

SEN LAIBLE asked if SB 146 passes would the funding for the public defender go with it. **Mr. Freebourn** informed SEN. LAIBLE that some of the funding for the public defenders will go with it to the Department of Administration, rather than all of it.

Mr. Freebourn commented that SB 146 is not affected by current legislation. He informed the committee that if the bill fails, then the money will stay with the district courts.

Motion/Vote: SEN. LARSON moved DP 4511 RESTORE VARIABLE COST FUNDING THAT WAS OTO. Motion failed 4-4 by roll call vote. REP. BUZZAS, SEN. COONEY, SEN. LARSON, AND REP. SESSO voting aye.
{Tape: 3; Side: A; Approx. Time Counter: 0 - 5}

Present Law Adjustment

DP 4512 MISC. FEDERAL GRANTS Page A-44

CHAIRMAN SINRUD clarified that this DP is a request for authority to spend \$500,000 of federal appropriation authority per year for various federal grants.

Motion/Vote: REP. TAYLOR moved that DP 4512 MISCELLANEOUS. FEDERAL GRANTS FOR \$500,000 BE ADOPTED. Motion carried unanimously by roll call vote.

Present Law Adjustment

DP 4516 YOUTH COURTS-COMMUNITY PROGRAMS/VIDEO CONFERENCING
Page A-44

CHAIRMAN SINRUD explained that the proposal provides \$153,562 per fiscal year of state special revenue authority for fees collected in Youth Courts and for video conferencing services. He stated that the decision package should be moved at \$150,000 rather than \$153,562.

Mr. Oppedhal added that DP 4516 is a federally funded pilot program.

Motion/Vote: REP. BUZZAS moved that DP 4516 YOUTH COURTS-COMMUNITY PROGRAMS/VIDEO CONFERENCING FOR \$150,000 PER YEAR BE ADOPTED. Motion carried unanimously by roll call vote.
{Tape: 3; Side: A; Approx. Time Counter: 5 - 11}

Present Law Adjustment

DP 9904 STATEWIDE FTE REDUCTION Page A-44

CHAIRMAN SINRUD explained that the decision package is a request to implement FTE reduction equivalent to the reductions taken in the 2003 legislative session.

Mr. Frebourn stated that the Judiciary is asking the Committee to either; 1) take no action on DP 9904, or 2) approve DP 9904 as well as the "elected office" decision package that reverses DP 9904.

CHAIRMAN SINRUD notified the Committee that he recommends that no action taken on either decision package.

New Proposal

DP 1 MINIMUM STANDARDS- JUDICIAL SUPPORT STAFF Page A-45

CHAIRMAN SINRUD explained that the decision package requests \$378,234 in general fund for the biennium to hire 4.95 FTE to be distributed amongst the following jurisdictions:

- Law clerk and youth court administrative assistant to Deer Lodge/Powell/Granite Counties
- Law clerk and court administrator for Beaverhead/Madison/Jefferson Counties
- Law clerk for Flathead County
- Law clerk and administrative assistant for Garfield/Treasure/Rosebud/Custer/Powder River/Fallon/Carter Counties
- Youth court administrative assistant for Judith Basin/Fergus/Petroleum Counties

Motion/Vote: REP. BUZZAS moved DP 1 MINIMUM STANDARDS JUDICIAL SUPPORT STAFF. Motion carried unanimously by roll call vote.
{Tape: 3; Side: A; Approx. Time Counter: 11 - 17}

New Proposal

DP 303 MINIMUM STANDARDS- JUDICIAL SUPPORT STAFF
Page A-22

CHAIRMAN SINRUD explained that the decision package is a new request from the Judiciary for \$223,822 to fund 4.0 FTE, to be distributed amongst various districts.

Mr. Freebourn clarified that the 4.0 FTE in DP 303 needs to be changed to 3.0 FTE on Page A-22.

Motion/Vote: **SEN. COONEY** moved that **DP 303 MINIMUM STANDARDS SUPPORT STAFF BE ADOPTED**. Motion carried 6-2 by roll call vote with **REP. SINRUD** and **SEN. STAPLETON** voting no.
{Tape: 3; Side: A; Approx. Time Counter: 17 - 20}

New Proposal

DP 304 PAY EQUALIZATION Page A-21

CHAIRMAN SINRUD explained that the Judiciary requests \$451,300 in general fund over the biennium to address certain pay equity problems that arose when the branch combined county and state employees as a result of the district court assumption.

Discussion:

SEN. COONEY was questioning the funding for pay equalization. He was not convinced that it would create a more unified court system.

SEN. LAIBLE stated that the original budget numbers were far less than the figures the Committee is voting on currently. He commented that this concerns him.

REP. BUZZAS believed that the funding will create a more unified court system, because the wages for employees in different districts are significantly different.

Motion/Vote: **REP. BUZZAS** moved that **DP 304 PAY EQUALIZATION FOR \$451,300 OVER THE BIENNIUM BE ADOPTED**. Motion failed 4-4 by roll call vote with **REP. BUZZAS**, **SEN. COONEY**, **SEN. LARSON**, and **REP. SESSO** voting aye.
{Tape: 3; Side: A; Approx. Time Counter: 20 - 27}

New Proposal

DP 10 JUDICIAL EDUCATION Page A-45

CHAIRMAN SINRUD explained the request for \$100,000 during the biennium for judicial education in the areas of:

- Training and travel for one out-of-state conference per year for each of the Justices, the District Court Judges, the Water Court Judge and the Workers Compensation Judge
- Training and travel for two new judges to attend the General Jurisdiction Conference at the National Judicial College in Reno, Nevada
- _____ - National Speakers at the Montana Judges Association and the Courts of Limited Jurisdiction Conferences

Motion/Vote: REP. BUZZAS moved that DP 10 JUDICIAL EDUCATION BE RESTRICTED and BIENNIAL BE ADOPTED. Motion carried unanimously by roll call vote.

New Proposal

DP 305 JUDICIAL EDUCATION Page A-22

Mr. Freebourn stated that the Judicial Branch is requesting an additional \$115,000 in FY 2007 and \$115,000 in FY 2007. He informed the Committee that this request is in addition to DP 10.

Discussion:

REP. BUZZAS enquired why the costs are higher.

Mr. Oppedahl stated that the costs are higher, because of the need for new judges.

REP. BUZZAS asked if DP 305 passed, would the funds be in addition to DP 10. **Mr. Oppedahl** replied that the \$230,000 would be in addition to the \$100,000 for the biennium.

Motion/Vote: SEN. COONEY moved that DP 305 JUDICIAL EDUCATION FOR \$230,000 FOR THE BIENNIUM BE ADOPTED. Motion failed 4-4 by roll call vote with SEN. COONEY, SEN. LARSON, SEN STAPLETON, AND REP. SESSO voting aye.

{Tape: 3; Side: A; Approx. Time Counter: 27 - 30}

New Proposal

DP 4515 UNFIT TO PROCEED COSTS Page A-45

CHAIRMAN SINRUD informed the Committee that this decision package requests \$1,000,000 in general fund in each fiscal year of the biennium to pay for forensic psychiatric evaluations.

Motion/Vote: SEN. COONEY moved that DP 4515 UNFIT TO PROCEED COSTS FOR BE ADOPTED. Motion carried unanimously by roll call vote.

Preset Law Adjustment

**DP 6001 RECORDS STORAGE AND PL 222 RESTORE CLERK OF COURT
OPERATING BUDGET Page A-50**

CHAIRMAN SINRUD explained that DP 6001 is a request for \$991 for FY 2006 and \$1,982 for FY 2007 for records storage. He informed the Committee that PL 222 is a request for \$6,000 out of general fund each year to restore the Clerk of Court operating budget.

Motion/Vote: SEN. COONEY moved that DP 6001 RECORDS STORAGE AND PL 222 BE ADOPTED. Motion carried unanimously by roll call vote. {Tape: 3; Side: B; Approx. Time Counter: 0 -6}

**FUNDING FOR THE BOARDS AND COMMISSIONS PROGRAM
EXHIBIT 2**

CHAIRMAN SINRUD expressed that there needs to be a 3/4 vote for SEN. LAIBLE'S committee bill to pass. He stated that HB 414 has language to allow the Judiciary to spend the \$1,000,000. He commented that if HB 414 fails that the Committee will need to put SEN. LAIBLE'S language in HB 2.

SEN. LAIBLE would like to see a committee bill change the lawyer tax from \$25 to \$69 to fund the Boards and Commissions program.

Motion/Vote: SEN. LAIBLE moved a COMMITTEE BILL OR SOME OTHER FORM OF BILL AS TO BE DECIDED LATTER TO INCREASE THE LAWYER FEE FROM \$25 TO \$69 TO FUND BOARDS AND COMMISSIONS BE ADOPTED. Motion carried 6-2 by roll call vote with SEN. LARSON and SEN. COONEY voting no.

SEN. COONEY asked for clarification on the motion.

Mr. Oppedahl explained the shortage of appropriation for Boards and Commissions. He stated that the Committee Bill would restore the base.

SEN. COONEY revisited DP 4511 and asked Mr. Oppedahl what the effect on the Judiciary would be if this DP did not pass. **Mr. Oppedahl** stated that the Judiciary would have insufficient funds of \$2.1 million.

Motion/Vote: REP. SINRUD moved to CLOSE JUDICIAL EXECUTIVE ACTION. Motion failed 4-4 by roll call vote REP. SINRUD, SEN. LAIBLE., SEN. STAPLETON, AND REP. TAYLOR voting aye.
{Tape: 3; Side: B; Approx. Time Counter: 5 - 15.5}

EXECUTIVE ACTION ON DEPARTMENT OF REVENUE

Statewide Present Law Adjustments and Base

Motion/Vote: REP. BUZZAS moved that STATEWIDE PRESENT LAW ADJUSTMENTS AND BASE FOR ALL PROGRAMS OF THE DEPARTMENT BE ADOPTED. Motion carried unanimously by roll call vote.

Greg DeWitt, LFD, defined a handout labeled "Department of Revenue Executive Action."

EXHIBIT(jgh31a03)

Present Law Adjustment

DP 101 REPLACEMENT OF FEDERAL FUNDS - UI TRANSFER
Page A-152

CHAIRMAN SINRUD explained that the transfer of the unemployment insurance collections function to the Department of Labor and Industry and the associated loss of Federal funds previously used to fund a portion of the Department administrative costs, there is a request of \$240,960 Federal special revenue and an increase of \$240,960 general fund for the biennium to replace the lost federal funds in the Director's Office.

Motion/Vote: SEN. COONEY moved that A GLOBAL MOTION REPLACEMENT OF FEDERAL FUNDS FOR UI TRANSFER BE ADOPTED FOR ALL PROGRAMS AND DECISION PACKAGES SHOWN ON FIGURE 2, Page A-147. Motion carried 5-3 by roll call vote with SEN. LAIBLE, SEN. STAPLETON, AND REP. TAYLOR voting no.

SEN. LAIBLE asked for clarification on the global motion for DP 101.

CHAIRMAN SINRUD explained that there was a total of \$1,865,000 Federal funds that were used to fund UI that was shifted to the Department of Labor. Figure 2 on Page A-147 of the Legislative Fiscal Division Budget Analysis, shows the decision packages included in the global motion, and each has been approved by the global motion.

Present Law Adjustment

DP 104 STATEWIDE FTE REDUCTION Page A-152

CHAIRMAN SINRUD explained that this request is for a reduction of \$127,469 from the general fund for the biennium to permanently eliminate 1.00 FTE from the program. However, Figure 3 on Page A-147 summarizes all decision packages in all programs of the Department, and a reference to Figure 3 should be included in the global motion.

Motion/Vote: **SEN. COONEY** moved TO APPROVE STATEWIDE FTE REDUCTIONS IN THE DECISION PACKAGES IN FIGURE 3 ON PAGE A-147. Motion carried unanimously by roll call vote.
{Tape: 3; Side: B; Approx. Time Counter: 15 - 29}

Present Law Adjustment

DP 106 REPLACE THE REMAINDER OF THE POINTS SYSTEM
Page A-152

Motion/Vote: **SEN. COONEY** moved that DP 106 TO REPLACE THE REMAINDER OF THE POINTS SYSTEM AS BIENNIAL, RESTRICTED, AND OTO BE ADOPTED. Motion carried unanimously by roll call vote.

Present Law Adjustment

LANGUAGE APPROPRIATION FOR TRANSITION COST
Page A-153

SEN. STAPLETON commented that one of the concerns of the previous computer system is that there was no control over it. He stated that the intent of the language in SB 271, is to fund the replacement of the POINTS computer system and to have the Department come back every two years to ask for money for the project.

Motion/Vote: REP. TAYLOR moved that LANGUAGE APPROPRIATION FOR TRANSITION COSTS AT \$1.4 MILLION WITH THE SECTION CHANGED TO 12(1) BE ADOPTED. Motion carried unanimously by roll call vote.

Present Law Adjustment
DP 202 IRIS OPERATING COSTS Page A-156

CHAIRMAN SINRUD stated that the Integrated Revenue Information System (IRIS) was not in place during the base year. He informed the Committee that this request is for \$1.6 million out of general fund for the biennium to fund ongoing operating costs for IRIS.

REP. SESSO asked Mr. DeWitt what the relationship is between \$1.4 million and the language appropriation. **Mr. DeWitt** replied that the funding in DP 202 is for operating costs to maintain the software after development of the system, and the \$1.4 million in the language appropriation is for funding conversion costs when converting from POINTS to IRIS.

Motion/Vote: REP. BUZZAS moved DP 202 IRIS OPERATING COSTS. Motion carried 7-1 by roll call vote with REP. SINRUD voting no.

Present Law Adjustment
LANGUAGE APPROPRIATIONS TO MEET STATUTORY SERVICE LEVELS AND PAYOUT FOR EMPLOYEE TERMINATIONS Page A-159

Motion/Vote: SEN. LAIBLE moved that ALL LANGUAGE APPROPRIATIONS ON PAGE A-159 BE ADOPTED. Motion carried 6-2 by roll call vote with REP. STAPLETON AND REP. SESSO voting no.
{Tape: 4; Side: A; Approx. Time Counter: 0 - 10.5}

Present Law Adjustment
RATES FOR THE DEBT COLLECTION FUNCTION Page A-166

Neil Peterson, Department of Revenue, gave a brief presentation of the handout labeled, "Montana Debt Code Report."

EXHIBIT(jgh31a04)

CHAIRMAN SINRUD asked for clarification on the highlighted portion of Exhibit 4. **Mr. Peterson** stated that the debt codes that are highlighted mean that there are debt collection and offset of debts. If the code is not highlighted, it is an offset only, meaning the debt is recovered by offsetting any refund or payment from the State.

CHAIRMAN SINRUD stated that his concern is Debt Code 43 and 44 on child support. He commented that he does not think that there should be a 10% increase in child support, due to the collection fee. He stated his concern for people that already have difficulty paying their child support, and that it is a bad policy. Mr. Peterson replied that the total money the agency receives from all collections is about \$1.2 or \$1.3 million dollars. He stated that the agency takes a 10% fee to pay the salaries of the debt collectors. He commented that the rest goes to the fund balance. He theorized that the 10% collection fee is a fee that goes with all of the debt collections. He stated that if the 10% is not coming out of Debt Code 43 and 44 for child support, then the money will need to come from some other organization.

Mr. DeWitt stated that if there was not a 10% debt collection fee, the agencies would be responsible for collecting their own debt and there would not be a source of revenue for the Customer Service Center debt collection function.

{Tape: 4; Side: A; Approx. Time Counter: 10.5 - 30}

DP 702 FUNDING FEDERAL ROYALTY COSTS AT FY 2004 LEVEL

Page A-169

CHAIRMAN SINRUD explained that DP 702 is a request of \$61,040 from federal special revenue for the biennium for operating costs associated with the Federal Royalty Audit Program.

SEN. LAIBLE asked for clarification on this decision package.

Mr. DeWitt informed SEN. LAIBLE that in FY 2004 the funding was erased out of the base, because it was authorized as a budget amendment, and this DP would put the funding back into the base and bring them up to operating costs needed for the function.

Motion/Vote: **REP. BUZZAS** moved that DP 702 FUNDING FEDERAL ROYALTY COST BE ADOPTED. Motion carried unanimously by roll call vote.

CHAIRMAN SINRUD said that they will continue executive action on the Department of Revenue on 2/09/05.

Exhibit 5 was handed out and not discussed.

{Tape: 4; Side: B; Approx. Time Counter: 0 - 10}

EXHIBIT(jgh31a05)

ADJOURNMENT

Adjournment: 11:50 A.M.

REP. JOHN SINRUD, Chairman

JAMIE MICKELSON, Secretary

JS/jm

Additional Exhibits:

EXHIBIT ([jgh31aad0.PDF](#))